incorporation to lodge ten per cent, of their capital within fifteen days after the beginning of the Parliamentary session. It was feared that the notes issued under the Bank Act of 1844 would prove insufficient to make these payments and it was arranged that the ^"14,000,000 found to be required should be obtained by daily payments deposited in the Bank of England and immediately loaned out again for further payments.[1]

The harvests of 1842, 1843, an<^ *844 were abundant, large savings were made by the British nation, the quantity of capital required to be invested in goods in stock was reduced by improvements in the means of transit, and bullion rapidly accumulated in the Bank of England. Discount rates at the bank fell as low as one and three-quarters per cent, on the best bills and after some fluctuation stood at three per cent, from August, 1846, to January 16, 2847. The failure of the potato crop in Ireland in 1845, followed by a worse failure in 1846, required the exportation of large quantities of bullion to pay for foreign grain, and the bullion holdings of the bank decreased from ^15,163,000011 December 19, 1846, to , £9,867,000 on April 10, 1847. The banking reserve in the meantime had fallen from ^8,864,000 to .£2,558,ooo. A panic stared the market in the face for a moment and discount among private bankers rose to ten and twelve per cent. The rise in the bank rate, however, stopped the flow of bullion and a sum of ^"100,000 which had been actually put on shipboard for America was relanded.[2] The pressure passed off for a time and the bullion in the bank at the end of June had increased to ;£ 10,526,000 and the banking reserve to , £5,625,000.

The relief was only temporary. A series of heavy failures came crowding on each other's heels in August, involving liabilities of £1,200,000 in the week ending August r6th and ;£15,000,000 by the end of October. Saunderson & Co., a leading firm of bill brokers, stopped payment in the middle

[1] Gilbert, I., 335.
[2] MacLeod, *Theory of Credit,* II., 796.